

MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
MAY 3, 1993  
CHICAGO, ILLINOIS

A Regular meeting of the Illinois Gaming Board was held on May 3, 1993. The meeting was held at 9:30 A.M. in Room C-500 of the State of Illinois Building, 160 North LaSalle, Chicago, Illinois. Notice was duly and timely given to each Board Member and to the general public in compliance with the Illinois Open Meetings Act, Illinois Revised Statutes 102, Paragraph 42.02.

The following Board Members were present: William J. Kunkle, Jr., Chairman and Board Members William J. Chamblin, J. Thomas Johnson, Gayl S. Pyatt and Robert F. Vickrey.

In addition, Administrator Morton E. Friedman, Deputy Administrators J. Thomas Hutchison, Joseph McQuaid and Marcy L. Wolf, Chief Legal Counsel Donna B. More, members of the media and general public were in attendance.

The meeting was called to order by Chairman William J. Kunkle, Jr. at 9:40 A.M.

The first order of business was the approval of minutes of previous meetings of the body.

Mr. Johnson moved that the minutes of the Special Meeting of February 4, 1993 be approved as submitted. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Chamblin moved that the minutes of the Special Meeting of February 22, 1993 be approved as submitted. Mr. Johnson seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the minutes of the Regular Meeting of February 25, 1993 be approved as submitted. Mr. Johnson seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned status reports of applicants found suitable for licensing. Chairman Kunkle recognized Casino Queen Inc.

Mr. Jim Enlund appeared on behalf of the applicant. He reported that the visitor's center would be completed by May 15, 1993 and that the proposed Metro-Link light rail system planned to open a station servicing the docksite in September, 1993. Mr. Enlund noted that the venture had employed 100 persons with an additional 225 potential employees in training. He stated that Casino Queen, Inc. anticipated an early June, 1993 date for its final practice excursion. Mr. Johnson asked questions concerning issues needed for approval prior to authorization of a final practice gaming excursion.

The next presentation concerned Des Plaines Limited Venture. Mr. Tim Wilmott appeared on behalf of the applicant and told the Board that their vessel, the Northern Star, had arrived in Joliet on April 10, 1993 and that the construction of the project's parking deck would be completed by June 1, 1993.

(At this time Member Vickrey arrived having been delayed by traffic conditions.)

Mr. Friedman requested the authorization of the Board to conduct a Final Practice Gaming Excursion. He reviewed the licensing elements of the Act and noted that the applicant had satisfied all requirements of the Act and Board Rules.

After discussion, Mr. Johnson moved that the application received from Harrah's Casino Cruises - Joliet for licensing as Supplier of Gaming Operations Manager be approved. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the Administrator be authorized to conduct a Final Practice Gaming Excursion with respect to the application received from Des Plaines Development Limited Venture. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next presentation concerned Hollywood Casino-Aurora. Mr. William Weidner appeared on behalf of the applicant and told the Board that the enterprise's first vessel would be launched during the week of May 3, 1993 with vessel number two following shortly thereafter. He noted that 125 persons had been employed with an additional 350 in training. Mr. Weidner stated that ultimately 1500 people would be employed.

Mr. Weidner then renewed the request of the applicant that the Board approve an Initial Public Offering. Joining Mr. Weidner in discussion were applicant attorneys Tyrone Fahner, Roberto Rivera-Soto and William Climbing of Solomon Brothers. The request was explained in detail and discussed by the Board.

Mr. Johnson moved that the Board grant the request of Hollywood Casino-Aurora to proceed with an initial public offering with the following exceptions:

1. That the proposed advance management fee payment to Greate Bay Casino Corporation draw interest at market rates until amortization commences is completed; and,
2. Any other advance payment of funds from the public offering to another entity by Hollywood Casino-Aurora be approved by the Board.

Member Pyatt seconded the motion.

Under discussion, Mr. Johnson stated that he would support the motion which brought a significant capital infusion to the financial stability of the applicant and encouraged investment. Mr. Vickrey requested that the Board retire to closed session to discuss the proposal. Mr. Chamblin moved the previous question.

Without objection, the previous question was moved. The Chairman called for the yeas and nays by oral roll call to wit:

Mr. Chamblin: AYE  
Mr. Johnson: AYE  
Ms. Pyatt: AYE  
Mr. Vickrey: AYE  
Mr. Chairman: Aye

The motion was approved 5-0.

The next presentation was received from Argosy Gaming Company. Mr. Thomas Long appeared on behalf of the licensee and told the Board that a new vessel would be received in Alton on May 15, 1993. The Alton Belle II would contain 940 gaming positions but could expand to 1045 positions and would commence operations on Memorial Day. He noted that the company would keep the Alton Bell. He further stated that no shutdowns had been experienced during recent flooding of the Mississippi River. Chairman Kunkle asked whether the Alton Bell II required a Final Practice Gaming Excursion? The Administrator replied that it was his opinion that Argosy Gaming Company had already fulfilled the requirements of the Act in its demonstration of successfully operating casino gaming and therefore an additional Final Practice Gaming Excursion was not necessary. There was no further discussion.

Mr. Johnson recalled Casino Queen, Inc. and asked questions about the susceptibility of the Casino Queen to floods. Mr. Jim Enlund stated that had the Casino Queen been in operation during the flooding, operations would have been suspended. He noted that when river levels reach 36 feet, access to the entry tunnel is prohibited.

Mr. Johnson then noted that in regard to the previous discussion concerning Hollywood Casino-Aurora, staff should review applicable rules to determine whether a modification is needed to 3000.235 (Transferability of Ownership). The Chief Legal Counsel responded that staff had already submitted a modification to the Rules.

The next presentation was received from Greater Peoria Riverboat Corporation. Mr. Thomas Moore appeared on behalf of the licensee and told the Board that the enterprise was ready to move operations to their permanent docksite in East Peoria. He noted that the facility represented a \$12 million expenditure. Mr. Moore also told the Board that Central Illinois Light Company was studying alternatives to possibly relocate a high voltage transmission line on the property. Mr. Friedman told the Board that the licensee's Internal Controls were being modified reflecting the vessel's new docking facility. Both Mr. Friedman and Chairman Kunkle agreed that Board action on modified Internal Controls was not necessary.

The next item of business was a continuation of previous discussion concerning the calculation of the statutory term "gaming participant". Mr. Friedman noted that input and study of actual experience by owners had resulted in a proposal submitted by Harrah's to calculate participants as follows:

Electronic Gaming Devices - 90% of the number of actual devices  
on board;  
Craps - 10 participants for each craps pit;  
Other Table Games - 5 participants for each table; and,  
Keno - 5 participants.

Mr. Friedman recommended the proposal be adopted by the Board for submission under the Board's rulemaking authority.

Under discussion, Mr. Johnson questioned whether the Board could adopt the calculation in absence of clearer legislative definition. Deputy Administrator Joe McQuaid reviewed the history of the question.

After further discussion, Mr. Chamblin moved that the recommendation of staff be adopted. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays by oral roll call to wit:

Mr. Chamblin:	AYE
Mr. Johnson:	NO
Ms. Pyatt:	NO
Mr. Vickrey:	AYE
Mr. Chairman:	AYE

The motion was adopted 3-2.

Mr. Johnson moved that staff be instructed to submit a proposed rule at the next Regular Meeting of the Board. He stated that rulemaking was necessary because the Board was interpreting the legislative intent of the Act. In substitution and without objection, the Chairman so ordered.

Ms. Pyatt moved that pursuant to Illinois Revised Statutes 102, Paragraph 42 (g), (h), and (k) that the Board retire to Closed session for the purposes of discussing issues of licensing and recommendations of the Administrative Law Judge with respect to appeals of prior Board licensing decisions. Mr. Vickrey seconded the motion.

Without objection, the Board retired to Closed Session at 11:30 A.M.

The Illinois Gaming Board reconvened its Open Session at 3:04 P.M. All Members of the Board were present.

The next order of business concerned approval of additional investors.

Mr. Johnson moved that the Board approve the requests of investors Thomas Lambrecht and Peter Ferro, Jr. to place portions of their investments in trusts for the benefit of their minor children, Melissa Kate Lambrecht, Paul John Lambrecht, Matthew Thomas Lambrecht, John T. Ferro and James J. Ferro, respectively, as additional investors in Empress River Casino Corporation. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Chamblin moved that the application received from George Krug, Jr. to become a non-voting investor in Empress River Casino Corporation be denied. Mr. Johnson seconded the motion. Under discussion, Chairman Kunkle announced that he would recuse himself from voting on the matter because he had discovered that a business venture in which he had a small investment had also received an investment interest from Mr. Krug. There being no further discussion, the Chairman called for the yeas and nays by oral roll call to wit:

Mr. Chamblin:	AYE
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Mr. Johnson: AYE  
Ms. Pyatt: AYE  
Mr. Vickrey: AYE  
Mr. Chairman: NV

The motion was approved 4-0.

Mr. Johnson moved the Suppliers License renewals be approved for:

HP Riverboat, Inc.  
Aerie Hotels and Resorts, Inc.  
Sigma Game, Inc.

Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the recommendations of staff concerning approval or denial of applications received for Occupational License levels 2 & 3 be approved as submitted. Ms. Pyatt seconded the motion. Mr. Johnson noted that the recommendation included 18 denials for licensing and approvals for the following number of applicants:

Alton Belle:	54
Par-a-Dice:	54
Casino Rock Island:	67
Empress:	278
Silver Eagle:	71

The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the application for an Occupational License level 1 received from Richard A. Costra to be Director of Surveillance at Jo Daviess Riverboat Joint Venture be approved. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved that the application for an Occupational License level 1 received from Kathleen A. McLaughlin to be Slot Manager for Jo Daviess Riverboat Joint Venture be approved. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays by oral roll call to wit:

Mr. Chamblin: NO  
Mr. Johnson: AYE  
Ms. Pyatt: AYE  
Mr. Vickrey: AYE  
Mr. Chairman: NO

The motion was approved 3-2.

The next order of business concerned recommendations received from the Administrative Law Judge with respect to appeals filed to previous Board decisions.

Mr. Johnson moved to accept the recommendations and findings of fact of the Administrative Law Judge with respect to the Occupational License application received from Phyllis Volpe and that the Board deny the application. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved to accept the recommendations and findings of fact of the Administrative Law Judge with respect to the Occupational License application received from Steven Lorts and that the Board deny the application. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved to accept the recommendations and findings of fact of the Administrative Law Judge with respect to the Occupational License application received from Ronald Dunbar and that the Board deny the application. Mr. Chamblin seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Johnson moved to accept the recommendations and findings of fact of the Administrative Law Judge with respect to the Owner's License application received from Arch View Casino Cruises, Incorporated and that in addition, the Board finds that the applicant failed to prove the economic benefit to the State of Illinois by the applicant at that location; the basis upon which the Board initially denied the application, and that the Board deny the application. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays by oral roll call to wit:

Mr. Chamblin:	AYE
Mr. Johnson:	AYE
Ms. Pyatt:	AYE
Mr. Vickrey:	AYE
Mr. Chairman:	AYE

The motion was approved 5-0.

The next order of business concerned proposed rulemaking. Mr. Friedman told the Board that public comments had been received and considered by staff and suggested responses had been prepared. Mr. Friedman requested authorization to issue the proposed rulemaking on Second Notice.

Under discussion, Members asked questions and suggested additional modifications to Rules 3000.230 and 3000.235.

Mr. Johnson moved that Rule 3000.230 be amended to state that whenever changes to an application are sought by an applicant for an Owner's License that the Board shall be so informed of the change(s) sought. Mr. Chamblin seconded the motion. The motion was further amended to include any changes to an application that was found to be initially unsuitable for licensing and was under appeal. The amendment was accepted by Mr. Johnson and Mr. Chamblin. The Chairman called for the yeas and nays.

The motion, as amended, was unanimously approved by voice vote.

The next order of business concerned issuance of the Board's Annual Report. Member Pyatt asked questions concerning the approval process of the Annual Report. Mr. Johnson stated he had comments for staff and that the Annual Report should not be filed until Member comments had been communicated to the staff.

Mr. Charles Sklarsky, representing Empress River Casino Corporation investors Robert Krug, William Krug and Josephine Krug-Schulte, asked for recognition. The Chairman noted that the Board was aware of Mr. Sklarsky's request but was not prepared to advance consideration.

There being no further business to come before the Board, Mr. Johnson moved the Board stand adjourned. Mr. Vickrey seconded the motion.

Without objection the Board adjourned at 3:45 P.M.

Respectfully,

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James A. Nelson  
Secretary of the Board  
Amended by Board action, 10-19-93

